

**THE LEGISLATIVE RESPONSE
TO
GOVERNOR HUGHES'S URBAN AID BUDGET REQUEST**

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INTRODUCTION

On April 25, 1968, Governor Richard J. Hughes delivered a special message to the New Jersey State Legislature. In that address he urged those legislators to recommit themselves morally to a program of urban aid, "to rise together to the common defense of New Jersey against those grave social problems whose persistence and worsening has engendered for the entire State not peace but unrest..."

Specifically, the Governor requested of the Senate and the General Assembly that they approve intact his budget of \$126,145,000 to alleviate the massive educational, housing, employment, law enforcement and welfare problems of the State's urban areas. In retrospect, the Hughes Administration thought that the budget it had presented to that same body of lawmakers in February was presently inadequate. That budget was now to serve as a foundation upon which a stronger urban aid program might be mounted.

The following table, whose informational content was derived from a multiplicity of sources, describes just how the members of the Legislature responded to this special budget request of the Governor.

TABLE

COMPARISON OF THE GOVERNOR'S AND THE LEGISLATURE'S

URBAN AID BUDGETS

1968-1969

<u>SUBJECT</u>	<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
I. WELFARE	Assumption of 75% of Welfare Costs	\$54,500,000	S 754; S 755	\$45,000,000	The Legislative program commences January 1, 1969, six months after the Governor's program would have been in effect.
	Work Incentive Program and Day Care	1,438,000	A 799 S 721	1,441,000 1,530,507.50	See APPENDIX for explana- tion and computation
	TOTAL WELFARE	\$55,938,000	TOTAL WELFARE	\$47,971,507.50	

<u>SUBJECT</u>	<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
II. URBAN PROGRAMS & LAW ENFORCEMENT	School Construction	\$ 2,000,000	S 749	\$ 1,000,000	
	(Emergency School Building Aid Bond Issue)	(\$180,000,000)	(S 749)	(\$90,000,000)	Since the Emergency School Building Aid Bond Issue is not an appropriation from the State, it cannot be computed in the TOTAL.
	Urban Education Corps	500,000	A 913	500,000	
	Educational Opportunity Fund	2,500,000	A 767	2,000,000	
	Neighborhood Education Centers	480,000	A 941	480,000	
	Head Start Supplement	100,000	A 913	100,000	
	Skills Center Expansion	1,547,000	A 913	1,547,000	
	School Lunch Program	3,000,000	S 421	3,000,000	
	Employment				
	a) New Jersey Alliance of Business	1,000,000	A 775	1,000,000	
	b) Youth Service Program	2,500,000	A 908	1,000,000	

<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
Law Enforcement				
a) Police Training				
1) Scholarships	\$ 75,000	A 773	\$ 50,000	
2) Operation Combine	185,000	A 913	185,000	
3) Attitudinal Testing	50,000			No action taken
b) Police Cadet Program	300,000	A 772	300,000	
c) Sixty additional State Police	500,000	S 805	500,000	S 805 appropriates money for 50 addi- tional State Police
d) Police Effectiveness				
1) Communications	400,000	A 913	400,000	
2) Police Laboratory	475,000	A 830	300,000	
3) Regionalization	50,000	S 804	100,000	The Legislature called this "Police Consolidation Aid"
e) Recording for municipal courts	105,000			No action taken

<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
f) Study by Administrative Director	\$ 25,000	A 710	\$ 50,000	The Legislature established the Criminal Law Revision Commission
		S 716	400,000	The Legislature established the Commission of Investigation
g) Probation Aides	350,000	A 840	350,000	
h) Civil Rights Division	275,000	A 913	275,000	This Legislation fulfilled the Governor's request for a South Jersey regional office, the establishment of an Affirmative Action Unit, and an otherwise expansion of the Division's operation
i) Consumer Protection	100,000			No action taken
Narcotics Control	2,320,000	A 405	250,000	
Community Health Centers	720,000	A 788	720,000	
Summer Recreation	650,000	A 676	500,000	

<u>PROGRAM</u>	<u>BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>APPROPRIATION</u>	<u>COMMENT</u>
		S 721	\$ 1,860,035	See APPENDIX for explanation and computation

TOTAL
 URBAN PROGRAMS
 &
 LAW ENFORCEMENT \$20,207,000

TOTAL
 URBAN PROGRAMS
 &
 LAW ENFORCEMENT \$16,867,035

<u>SUBJECT</u>	<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
III. EDUCATION	Emergency School Aid	\$25,000,000	S 841	\$15,500,000	The Legislature in S 841 is making an appropriation of \$25 per pupil for every pupil in the State, or an estimated \$34,000,000. Approximately \$15,500,000 will go to pupils in the "urban aid" areas of the State as the Governor defines it -- i.e., those New Jersey school districts which are eligible for federal funds under Title I of the Elementary and Secondary Education Act.
			S 721	2,464,500	See APPENDIX for explanation and computation
	TOTAL EDUCATION	\$25,000,000	TOTAL EDUCATION	\$17,964,500	

<u>SUBJECT</u>	<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
IV. HOUSING	Housing Assistance Fund	\$12,500,000	(S 859)	(\$12,500,000)	<p>S 859 is the "New Jersey Housing Assistance Bond Act of 1968." Since S 859 only orders a referendum on this bond issue in the November 5 election and since it is not an appropriation from the State, it cannot be computed in the TOTAL.</p> <p>S 859 authorizes the Housing Assistance Fund to be used for only two purposes:</p> <ol style="list-style-type: none"> 1) Interest rate subsidies. 2) To provide financial assistance for qualified housing developments constructed, financed, or rehabilitated under Federal law and moderate income programs.
	•rent supplements				
	•interest subsidies				
	•in lieu payments				
	Mortgage guarantee	5,000,000			No action taken
	Rehabilitation loans	5,000,000			No action taken

<u>PROGRAM</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE BILL PASSED</u>	<u>LEGISLATIVE APPROPRIATION</u>	<u>COMMENT</u>
Expansion of revolving demonstration fund	\$ 2,500,000			No action taken
		S 721	\$324,095	See APPENDIX for explanation and computation

TOTAL HOUSING \$25,000,000

TOTAL HOUSING \$324,095

SUMMARY OF SUBJECT TOTALS

<u>SUBJECT</u>	<u>GOVERNOR'S BUDGET REQUEST</u>	<u>LEGISLATIVE APPROPRIATION</u>
I. WELFARE	\$ 55,938,000.00	\$47,971,507.50
II. URBAN PROGRAMS & LAW ENFORCEMENT	20,207,000.00	16,867,035.00
III. EDUCATION	25,000,000.00	17,964,500.00
IV. HOUSING	<u>25,000,000.00</u>	<u>324,095.00</u>
GRAND TOTAL SUBJECTS I, II, III, IV	\$126,145,000.00	\$83,127,137.50

APPENDIX

Senate Bill 721 calls for a return to all the various cities, boroughs and townships in the State of 10% of the sales tax revenue on a strict per capita basis. This incoming municipal receipt, estimated at an annual \$25 million, would not be earmarked by the State for any particular purpose and, consequently, the additional local revenue would be included into the municipality's general fund. The municipality could, of course, designate some, or all, of this increased revenue to a particular program or area of need.

It has been the expectation of the prime author of this bill, Senator Matthew J. Rinaldo (R-Union), that the outright grant that S 721 would provide would be utilized more wisely by local officials, who are intimate with the peculiar needs¹ of their localities, than if that money were earmarked by the State.

On the other hand, the Governor has threatened to veto this measure on the grounds that this \$25 million should be disproportionately allocated to those State municipal areas of greatest need, New Jersey's older cities. To the Governor's thinking, the money S 721 would have given the local areas of the State, should have been provided through the special programs contained in the Administration's urban aid budget.

Obviously, some of the revenue from S 721 will be utilized by the "urban aid" areas of the State for programs similar to those found in the Governor's Moral Recommitment message of April 25, 1968.

The intent of this APPENDIX is to demonstrate how the author computed the projected amount of money which will be used by "urban aid" municipalities for programs similar to those outlined

¹According to Senator Rinaldo, the primary need is local property tax relief.

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in the April 25th message and the Hughes urban aid budget for fiscal 1968-1969. To the extent that this money received by "urban aid" municipalities under S 721 was used for such purposes it was included in the above table under the subjects of WELFARE, URBAN PROGRAMS & LAW ENFORCEMENT, EDUCATION, AND HOUSING.

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Computation of the "Urban Aid" Appropriation from Senate Bill 721

STEP I

Since S 721 allocates its \$25 million on a strict per capita basis according to the latest census, we must first determine the population of the State's "urban aid" areas (i.e., those people who would be directly affected by the Governor's Urban Aid program).

Since the Governor's office does not have a figure for this, the "urban aid" population must be computed according to some standard criteria. Since a criterion based on welfare needs is too broad and that based on receipt of federal anti-poverty funds or housing supplements is too narrow, we must seek a more appropriate measure. A criterion acceptable to the Governor's office is the population of those school districts which are eligible for federal funds under Title I of the Elementary and Secondary Education Act.

In general, school districts are coterminous with the municipalities of New Jersey.

Using this criteria for the "urban aid" population of New Jersey the 1960 census reveals:

TOTAL "Urban Aid" Population =	3,221,043
TOTAL Non-"Urban Aid" Population =	2,845,739
TOTAL Population of New Jersey =	6,066,782

Therefore, an "urban aid population of 3,221,043 (53%) is contained in the State's total population of 6,066,782.

STEP II

Since \$25,000,000 will be appropriated to the municipalities of the State under S 721 on a strict per capita basis, the "urban aid" municipalities of the State will receive 53% of that, or \$13,250,000.

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STEP III

We must now determine exactly how much of the money allocated to the "urban aid" municipalities of the State will be used for what the Governor defines as "urban aid" purposes (i.e., programs similar to those contained in Governor Hughes's Moral Recommitment Urban Aid Budget).

- A. In order to arrive at this statistic we have chosen representative municipalities of the State and asked them what percentage of the grant they would receive under S 721 they expect to use for "urban aid" purposes.

Subsequently, we divided the State's municipalities into four (4) classes based on population. It was our assumption that municipal needs, and, consequently, the manner in which a municipality would deploy an incoming revenue grant, is correlative to its population size.

In order of decreasing population, the four classes of the "urban aid" municipalities were:

Municipalities of CLASS "A"
Municipalities of CLASS "B"
Municipalities of CLASS "C"
Municipalities of CLASS "D" 2

- B. We next determined exactly how much money will be appropriated to each municipal class.

Our findings disclosed:

1. Based on the percentage of population contained in CLASS "A" municipalities, those municipalities would receive \$2,809,000 under S 721.
2. Based on the percentage of population contained in CLASS "B" municipalities, those municipalities would receive \$1,987,500 under S 721.
3. Based on the percentage of population contained in CLASS "C" municipalities, those municipalities would receive \$5,644,500 under S 721.
4. Based on the percentage of population contained in CLASS "D" municipalities, those municipalities would receive \$2,809,000 under S 721.

²The populations these classes represent are not disclosed for reason of maintaining the anonymity of sources of information.

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- C. Next we selected a representative sample from each of our municipal classes. In choosing these sample municipalities consideration was given to the population size, nature and extent of the municipal problems, and the geographic location of the municipality; no consideration was given to the availability of municipal officials.

Two municipalities were selected from each municipal class and in each case information was received from the administrative official who was most intimate with the municipal budget (i.e., Budget Directors, Business Administrators, Comptrollers, City Treasurers). The responding administrator was, or was made, fully aware of the information contained in the above table and especially of the nature of S 721.

The administrator was asked:

"Knowing the political and economic realities of your particular municipal situation, for what purposes would you (rather than should you) deploy an incoming grant of money as you would receive under S 721?"

The reader should be fully aware of the fact that the percentage figures supplied by these administrative officials were estimates. However, the responding administrator was pressed in each case to provide his most frank evaluation of the municipality's budgetary reaction to S 721.

Findings of the survey:

1. CLASS "A" Municipalities

Of the revenue CLASS "A" municipalities will receive under S 721, 55.0% will be allocated for "urban aid" purposes.

Accordingly, CLASS "A" municipalities will utilize \$1,544,950 of this additional revenue for "urban aid" purposes.

More specifically:

5.5%, or \$154,495, will be utilized
for WELFARE

19.0%, or \$533,710, will be utilized
for URBAN PROGRAMS AND LAW ENFORCEMENT

27.5%, or \$772,475, will be utilized
for EDUCATION

3.0%, or \$84,270, will be utilized
for HOUSING

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2. CLASS "B" Municipalities

Of the revenue CLASS "B" municipalities will receive under S 721, 27.5% will be allocated for "urban aid" purposes.

Accordingly, CLASS "B" municipalities will utilize \$546,562.50 of this additional revenue for "urban aid" purposes.

More specifically:

12.5%, or \$248,437.50, will be utilized for WELFARE

10.0%, or \$198,750, will be utilized for URBAN PROGRAMS & LAW ENFORCEMENT

0.0%, or \$0.00, will be utilized for EDUCATION

5.0%, or \$99,375, will be utilized for HOUSING

3. CLASS "C" Municipalities

Of the revenue CLASS "C" municipalities will receive under S 721, 55.0% will be allocated for "urban aid" purposes.

Accordingly, CLASS "C" municipalities will utilize \$3,104,475 of this additional revenue for "urban aid" purposes.

More specifically:

15.0%, or \$846,675, will be utilized for WELFARE

15.0%, or \$846,675, will be utilized for URBAN PROGRAMS & LAW ENFORCEMENT

25.0%, or \$1,411,125, will be utilized for EDUCATION

0.0%, or \$0.00, will be utilized for HOUSING

4. CLASS "D" Municipalities

Of the revenue CLASS "D" municipalities will receive under S 721, 35.0% will be allocated for "urban aid" purposes.

Accordingly, CLASS "D" municipalities will utilize \$983,150 of this additional revenue for "urban aid" purposes.

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More specifically:

10.0%, or \$280,900, will be utilized
for WELFARE

10.0%, or \$280,900, will be utilized
for URBAN PROGRAMS & LAW ENFORCEMENT

10.0%, or \$280,900, will be utilized
for EDUCATION

5.0%, or \$140,450, will be utilized
for HOUSING

- D. Converting to aggregate figures, the amount of money, and the percentage of money, the "urban aid" municipalities of the State will utilize under S 721 for "urban aid" purposes is as follows:

1. Aggregate Amount of Money

Municipalities of CLASS "A"	= \$1,544,950.00
Municipalities of CLASS "B"	= 546,562.50
Municipalities of CLASS "C"	= 3,104,475.00
Municipalities of CLASS "D"	= 983,150.00

TOTAL = \$6,179,137.50

Therefore, of the \$25,000,000 appropriated to all the municipalities of the State under S 721, \$6,179,137.50 will be utilized for what Governor Hughes considers "urban aid."

2. Aggregate Percentage of Money

- a) Percentage of the Total Amount Appropriated to the "Urban Aid" Municipalities:

$$\frac{\$ 6,179,137.50}{\$13,250,000.00} = .4663$$

Therefore, of the total amount of money (\$13,250,000) allocated to the State's "urban aid" municipalities under S 721, 46.6% will be utilized for "urban aid" purposes.

- b) Percentage of the Total Amount Appropriated to All the Municipalities:

$$\frac{\$ 6,179,137.50}{\$25,000,000.00} = .2471$$

Therefore, of the total amount of money (\$25,000,000) allocated to all the State's municipalities under S 721, 24.7% will be utilized for "urban aid" purposes.

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More specifically:

a) WELFARE

Municipalities of CLASS "A"	= \$	154,495.00
Municipalities of CLASS "B"	=	248,437.50
Municipalities of CLASS "C"	=	846,675.00
Municipalities of CLASS "D"	=	<u>280,900.00</u>

TOTAL = \$1,530,507.50

Therefore, of the total amount of money (\$25,000,000) appropriated to all the municipalities of the State under S 721, \$1,530,507.50 will be utilized for what Governor Hughes considers "welfare" for "urban aid" areas.

This figure of \$1,530,507.50 is 11.6% of the total amount of money (\$13,250,000) allocated to the "urban aid" municipalities of the State and is 6.1% of the total amount of money (\$25,000,000) allocated to all the municipalities of the State under S 721.

b) URBAN PROGRAMS & LAW ENFORCEMENT

Municipalities of CLASS "A"	= \$	533,710.00
Municipalities of CLASS "B"	=	198,750.00
Municipalities of CLASS "C"	=	846,675.00
Municipalities of CLASS "D"	=	<u>280,900.00</u>

TOTAL = \$1,860,035.00

Therefore, of the total amount of money (\$25,000,000) appropriated to all the municipalities of the State under S 721, \$1,860,035 will be utilized for what Governor Hughes considers "urban programs and law enforcement" for "urban aid" areas.

This figure of \$1,860,035 is 14.0% of the total amount of money (\$13,250,000) allocated to the "urban aid" municipalities of the State and is 7.4% of the total amount of money (\$25,000,000) allocated to all the municipalities of the State under S 721.

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c) EDUCATION

Municipalities of CLASS "A"	= \$	772,475.00
Municipalities of CLASS "B"	=	000,000.00
Municipalities of CLASS "C"	=	1,411,125.00
Municipalities of CLASS "D"	=	<u>280,900.00</u>

TOTAL = \$2,464,500.00

Therefore, of the total amount of money (\$25,000,000) appropriated to all the municipalities of the State under S 721, \$2,464,500 will be utilized for what Governor Hughes considers "emergency school aid" for "urban aid" areas.

This figure of \$2,464,500 is 13.6% of the total amount of money (\$13,250,000) allocated to the "urban aid" municipalities of the State and is 9.9% of the total amount of money (\$25,000,000) allocated to all the municipalities of the State under S 721.

d) HOUSING

Municipalities of CLASS "A"	= \$	84,270.00
Municipalities of CLASS "B"	=	99,375.00
Municipalities of CLASS "C"	=	00,000.00
Municipalities of CLASS "D"	=	<u>140,450.00</u>

TOTAL = \$ 324,095.00

Therefore, of the total amount of money (\$25,000,000) appropriated to all the municipalities of the State under S 721 \$324,095 will be utilized for what Governor Hughes considers "housing" for "urban aid" areas.

This figure of \$324,095 is 2.4% of the total amount of money (\$13,250,000) allocated to the "urban aid" municipalities of the State and is 1.3% of the total amount of money (\$25,000,000) allocated to all the municipalities of the State under S 721.